

U.S. Ambassador to Bulgaria Nancy McEldowney:

I Believe This Country Can Serve As A Magnet For Economic Activity And An Incubator For New Ideas And New Companies

By Milen Marchev

- Your Excellency, this August you will wrap up your first year as the U.S. ambassador to Bulgaria. Do you think this time has been sufficient to become knowledgeable in depth about the problems and opportunities before our country?

- No one can come in from the outside and immediately understand how a place really works. But it is often true that looking with new eyes and a fresh perspective can be an important advantage. There is no doubt that Bulgaria faces a lot of problems, but it also has tremendous capacity and offers significant opportunity to outside investors. Early in my tenure I outlined an agenda for improving the investment climate here and for positioning Bulgaria as an economic engine for the region. I believe this country can serve as a magnet for economic activity and an incubator for new ideas and new companies. The government that will come into office following the July 5 elections has an important opportunity – and a key responsibility – to take significant steps to boost investment and drive growth throughout the economy.

- Hasn't it become somewhat of a habit for Bulgarian politicians to look to the U.S. Embassy for advice and guidance? Not that U.S. diplomats have not been responsive, where this was helpful and appropriate. For instance, your predecessor John Beyrle gave some valuable advice to help combat organized crime; earlier, Ambassador James Pardew worked with Bulgarian institutions to strengthen security. You are, I believe, expected to help us figure out solutions to the corruption problem. But what are the limits of your ability to help Bulgaria in its domestic affairs? That is, what can a U.S. ambassador realistically do to assist in this country's progress?

- Every genuine partnership, like every true friendship, includes the exchange of advice and honest criticism. I have been very direct in both public and private settings about the fact that United States wants the best for Bulgaria, and that often means identifying problems and then working together to solve them. Corruption is a crucial concern for this economy and this society more generally. It undermines confidence in public institutions and discourages investors. This is another area of vital responsibility for the new government – taking on vested interests, creating a level playing field, and proving that no one, regardless of rank or relationship, is above the law would have a profoundly positive impact. We have worked extensively with law enforcement, government agencies and civil society to achieve these goals. While some progress has been registered, it is incumbent on the next government to exert sustained political leadership and to demand concrete and meaningful



results.

- Bulgaria has received appreciation from various U.S. officials on many occasions because of its role as a part of the anti-terror coalition, and for its participation in the missions in Iraq and Afghanistan. Along with that, we have been hearing pledges from U.S. representatives that Bulgaria will benefit from its reliable policies by becoming a focal point of American commercial interests. What happened to such assurances? Are they still valid or the worldwide economic crisis has postponed any realistic U.S.-led boost to the Bulgarian economy by years?

- Bulgaria has indeed benefited from its status as a reliable transatlantic partner. NATO and EU membership have given foreign investors increased confidence in Bulgaria as a place to do business and Bulgaria's enviable, pre-financial crisis FDI statistics were a direct result. Despite a recent drop in FDI, U.S. investors are still a strong presence here. Several premier U.S. companies are boldly moving forward with new investments even in the face of the financial crisis. It takes a lot of faith to continue with such countercyclical investments. The government needs to recognize this and do everything it can to support these companies every step of the way so they can create jobs and wealth for the Bulgarian economy and people at a time when they need it most. One of the very best ways to attract new investment is to ensure that the companies already in the country are operating successfully, without unnecessary bureaucracy or procedural obstacles. Building a strong track record in this way would position the companies already here to serve as commercial ambassadors, so they

can tell their success story to others.

- In this relation, the last 8-10 months have marked a decreasing volume of U.S. investment in Bulgaria. What is the cause of such a decline?

- The primary cause is the financial crisis. Many American companies are either cancelling or postponing investments in foreign countries until the situation in the United States improves. The steep decline in revenues is translating to layoffs and significant spending cuts for many U.S. companies. I believe it will be several months before companies are able to re-evaluate potential investments overseas, but it will happen eventually. To prepare for this, the new Bulgarian government should intensify the investment promotion program by creating a comprehensive package of incentives, both procedural and financial, to attract new investors. As we begin to emerge from this crisis, competition will be fierce and Bulgaria needs to be poised for action.

- The European Union, along with many other countries in the world, has expressed support and approval of President Obama's package of anti-crisis measures. In your estimation, which specific measures will bring direct beneficial effects to Bulgaria?

- You are probably familiar with the old saying, "When the United States coughs, the world catches cold." There is no denying that the economies of the world are highly interconnected. When a large economy such as the United States or Europe is booming or goes into recession there are ripple effects felt around the world. This is exactly why the \$787 billion stimulus package President Obama signed in February is so important. If it succeeds in pulling our economy out of recession, the positive impact will be felt around the world, including right here in Bulgaria.

- Have the conditions for U.S. businesses in Bulgaria improved since the country joined the European Union? Would you say that U.S. commercial interests here are better protected now than before?

- The opportunities for U.S. companies to conduct trade and investment activities in Bulgaria have improved since the country joined the EU in 2007. The government has taken steps to strengthen commercial laws to conform to EU standards, and there are numerous opportunities for new-to-market American firms to participate in EU funded infrastructure projects. However, many challenges remain, such as a large government bureaucracy that is difficult to navigate and a lack of resources to assist investors to resolve problems.

- Do you follow closely the activities of AmCham Bulgaria enhancing U.S. businesses operations in Bulgaria? Do you think AmCham is doing a good job at that?

- AmCham Bulgaria has repeatedly been singled out as one of the best AmCham's anywhere in Europe. And for good reason. It has done a fabulous job of promoting US business interests here and has established itself as one of the premier voices in the economic policy debate. I had heard many sing the praises of this organization prior to my arrival here and I

have been delighted with the outstanding cooperation between the US Embassy and AmCham. I have seen first hand the enormously positive role that AmCham has played -- in advocating for individual companies, in representing American business interests more broadly and in championing the need for improvements to Bulgaria's investment climate. This country and the businesses within it have all benefited from the superb work of AmCham Bulgaria.

- What can the American Chamber of Commerce do to improve even further U.S.-Bulgarian trade relations?

- AmCham is on the right path and should continue to support and advocate on behalf of U.S. business interests in Bulgaria. The primary focus must be on attracting new investors to Bulgaria and that means advocating for a reinvigorated InvestBulgaria. It is critical that Bulgaria's front-line investment promotion agency be in a position to provide a comprehensive incentives package to potential investors that is attractive and competitive. AmCham will play a critical role in shaping the new government's commitment to improving the commercial environment and ensuring that investors are receiving the support they need to be successful here.

- Congratulations on your new assignment in the Obama administration as Principal Deputy Assistant Secretary of State in the Bureau of European and Eurasian Affairs. This new position will mean that you will be leaving Bulgaria after just one year. Do you think this time has been sufficient to become knowledgeable in depth about the problems and opportunities before our country?

- Of course, there are many things that I wish to complete before I depart Sofia. The most important matter I would like to see completed would be a smooth transition of government in Bulgaria, where the Bulgarian people express their will through a clean election process based on a real discussion of the issues, and for the newly elected parties to put their differences aside for a moment and do what's best for the Bulgarian people -- that is, form a responsible working government as quickly as possible. The people of Bulgaria deserve the best from their elected leaders. As for me personally and professionally, I would like to ensure that the embassy has a smooth transition, and that the incoming Chargé d'Affaires Susan Sutton will have everything she needs to maintain the positive and constructive working relationship between the U.S. and Bulgaria that we have continued to build over the past year.

- This interview will appear in the 100th issue of AmCham Bulgaria Magazine, and you are the fourth U.S. ambassador we have featured since the beginning of our publication. How do you want to be remembered by our readers?

- I hope that I will be remembered as a true friend who is committed -- personally and professionally -- to affecting positive change. My partnership with AmCham and with all the representatives of American companies in Bulgaria has been a highlight of my tenure here. I also want to thank AmCham Bulgaria Magazine for your hard work and excellent reporting over the past 100 editions. Congratulations, and I wish you many more years of success. ■